

Notice No.: 98-008

Date: September 1, 1998

Applies to: Future SERS Employers

Subject: School Employees' Retirement System (SERS) Education Program

School Employees' Retirement System Created

With Substitute Senate Bill 6306, the 1998 legislature created the School Employees' Retirement System (SERS). SERS affects classified school district and educational service district employees who are employed in eligible PERS Plan 2 positions on September 1, 2000. These employees will be transferred to SERS Plan 2 and provided with the option to transfer to SERS Plan 3. Any new employees hired on or after September 1, 2000, will be required to join SERS Plan 3. The benefit structure of SERS Plan 3 will be a combination of an employer funded defined benefit plan and an employee funded defined contribution plan, similar in characteristics to the Teachers' Retirement System (TRS) Plan 3 implemented in July 1996.

SERS Financial Education Program will be provided

The SERS legislation provides the Department of Retirement Systems (DRS) with funding to procure authorized, independent financial education specialists to provide instructional seminars to future SERS members, beginning in the fall of 1999. This beginning date will provide ample time to educate members on the financial aspects of SERS prior to the September 1, 2000, effective date, and ensure the education program includes any changes the legislature makes to SERS during the 1999 legislative session.

During the implementation of TRS Plan 3, DRS found that a number of financial services companies misrepresented themselves as TRS Plan 3 education specialists. The majority were affiliated with firms that sell tax sheltered annuities. It has recently come to DRS's attention that some of these same organizations are now contacting future SERS members and employers offering to provide educational workshops on SERS Plan 3.

At this time, DRS has not contracted with any financial education specialists. Any financial service providers currently offering these services are *not* affiliated with DRS nor are they authorized by DRS to provide this service. DRS will notify members and employers when an agreement is reached with a company to provide these services.

DRS realizes that many school districts participate in 403(b) plans. We encourage you to make sure that your employees understand that they are not speaking with a DRS authorized financial education specialist if they choose to attend a meeting being held to discuss SERS Plan 3 prior to fall of 1999.

Major issues surrounding SERS: Q & A's

Attached to this Notice is a question and answer document that addresses the major issues surrounding SERS. Please feel free to share this information with future SERS members.

If you have any questions about the information provided in this Notice please contact Employer Support Services at (360) 753-8696 or call 1-800-547-6657. This Notice is also available on the DRS Web site at **<http://www.wa.gov/DRS/employer>**.

John Charles
Director

1998 DRS Notices

For a copy of a Notice, call (360) 586-0052 or 1-800-547-6657.

Notice No.	Applies to/ Subject Matter
98-001	All Employers Changes to Excess Compensation Definition
98-002	All Employers Toll Free Telephone Service Implemented
98-003	Office of the Administrator for the Courts New Judges <i>Pro Tempore</i>
98-004	All Employers Year 2000 Information and Employer Reporting Requirements
98-005	Political Subdivision Employers Deferred Compensation Program Assets to be Held in Trust
98-006	All Employers Summary of 1998 Legislation
98-007	All TRS Employers Members' Annual Statements and Sequencing Information
98-008	Future SERS Employers Implementation of School Employees' Retirement System (SERS)

School Employees' Retirement System: Frequently Asked Questions

The following information is provided to answer some of the most frequently asked questions about the new School Employees' Retirement System (SERS).

Q1: When does the bill become effective?

A1: September 1, 2000.

Q2: Who is affected by the bill?

A2: Only classified employees of school districts or educational service districts who are members of PERS Plan 2. (Employees of State School for the Blind, State School for the Deaf, Community and Technical Colleges and Higher Education are *not* included).

Q3: When can I transfer to SERS Plan 3?

A3: Beginning September 1, 2000, if you are an active member of PERS Plan 2, you will automatically be transferred to SERS Plan 2 and then may elect to transfer to SERS Plan 3.

Q4: When do new employees automatically become members of SERS 3?

A4: All classified employees of school districts and educational service districts who first become members of a retirement system on or after September 1, 2000, will be members of SERS Plan 3.

Q5: What is the transfer payment?

A5: If you elect to transfer to SERS Plan 3 on or after September 1, 2000, and before March 1, 2001, and establish service credit for January 2001, you will receive an additional transfer payment equivalent to 65 percent of the member contributions in your account as of January 1, 2000.

Q6: If I transfer in time, when will I receive the transfer payment?

A6: Assuming all the criteria to receive the transfer payment have been fulfilled, the payment is payable to your defined contribution account in March 2001.

Q7: When can I get more detailed information about SERS?

A7: DRS will be providing information in its newsletter, *Retirement Outlook*, and on the agency Web site regularly, as the effective date of SERS approaches. The *Retirement Outlook* is published each October, February and June and distributed to employers for all retirement system members. In addition, beginning fall, 1999, a full education program will be provided for all eligible PERS Plan 2 members to help them make their transfer decision. The program will be modeled on the program designed for TRS Plan 3 and will include special newsletters, workshops and interactive software.

Q8: Can I stay in PERS?

A8: If you are a PERS Plan 1 member, you must stay in PERS Plan 1. If you are a PERS Plan 2 member who is employed by a school district or an educational service district, you cannot remain in PERS. All PERS 2 members working in eligible positions who are employees of school districts or educational service districts will automatically become members of SERS Plan 2 on September 1, 2000.

Q9: Why does the bill not become effective until September 2000?

A9: The legislation passed sets the implementation date of September 2000. In part, this date takes into account major system testing that must take place to prepare for Year 2000, and also allows DRS to modify its information systems to accommodate this new retirement system and to provide education to members. (SERS is the first new retirement system since the creation of LEOFF in 1969.)

Q10: Will there be any changes to SERS in 1999 legislation?

A10: We do not have any information about that at this time. There is the possibility that changes will be introduced in the 1999 legislative session.